

Southern Minnesota Municipal Power Agency Wind Power

Eighth National Green Power Marketing Conference

November 3 - 5, 2003

Chicago, Illinois



SOUTHERN MINNESOTA
MUNICIPAL POWER AGENCY
Bringing power to your life.



Agenda

- ◆ Overview of SMMPA & Wind Power Program
- ◆ Marketing Wind Power



SOUTHERN MINNESOTA
MUNICIPAL POWER AGENCY
Bringing power to your life.

Eighth National Green Power Marketing Conference



Overview



Southern Minnesota Municipal Power Agency – SMMPA

- Joint Action Agency
- Serving 18 member municipal utilities
- 530 MW summer peaking utility
- Own 41% of Sherco 3
 - ◆ Partner with Xcel Energy
 - ◆ 884 MW coal facility
 - ◆ Newest and most environmentally sensitive plant in the Map Region
- Distributed gas, gas/oil and steam units in member communities
- Own 2 950kW NEG Micon turbines interconnected to a member utility



Overview



◆ SMMPA Wind Power - *Then*

- Program Launched December 2000
 - ◆ Based on power purchase agreement (PPA)
 - ◆ Purchase total output of 1 NEG Micon 900 kW turbine
 - ◆ Wholesale premium of 2.9¢ /kWh (\$2.90/ 100kWh block)
 - ◆ 2016 blocks available
 - ◆ Sold out in approximately 6 weeks



SOUTHERN MINNESOTA
MUNICIPAL POWER AGENCY
Bringing power to your life.

Eighth National Green Power Marketing Conference



Overview

◆ SMMPA Wind Power - *Today*

- No PPA – We own our turbines
- From Board action to commissioning ~ 5 months
- Commissioned in March 03
- New marketing program launched June 1
- Tied with two others for the third lowest price in nation, among over 300 utilities, at 1¢ /kWh
- As of 10/21/03 6,414 blocks, approximately 1,500 customers
- Averaging about 500 new blocks a week
- Currently investigating three areas for larger 10+ turbine sites



Program Design

Marketing Green Power Products

◆ Marketing

- Need a straight forward message
- Need utility commitment
- Need to focus on the customer and keep it simple



SOUTHERN MINNESOTA
MUNICIPAL POWER AGENCY
Bringing power to your life.

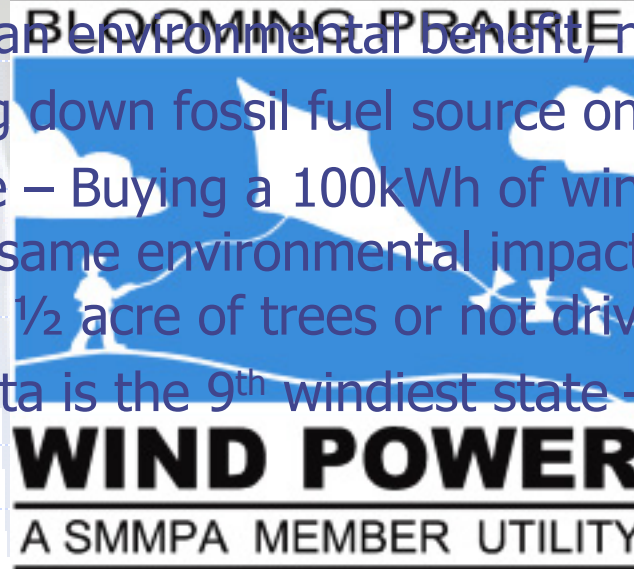
Eighth National Green Power Marketing Conference



Program Design

Marketing Green Power Products

- ◆ Marketing – Need straight forward message
 - Create an identifiable image
 - Clearly identify the renewable resource
 - Clearly state the value proposition
 - ◆ Getting an environmental benefit, not delivered kWh
 - ◆ Ramping down fossil fuel source on our system
 - ◆ Message – Buying a 100kWh of wind power each month has the same environmental impact, of CO₂ reduction, as planting 1/2 acre of trees or not driving a car 2,400 miles
 - ◆ Minnesota is the 9th windiest state – homegrown power



SOUTHERN MINNESOTA
MUNICIPAL POWER AGENCY
Bringing power to your life.

Eighth National Green Power Marketing Conference



Program Design

Marketing Green Power Products

◆ Marketing – Need straight forward message (continued)

- Nationwide, more than 20% of the green power sales are to business customers
- The value proposition to business is different and is likely to reflect:
 - ◆ Organizational values
 - ◆ Civic responsibility
 - ◆ Public image
 - ◆ Employee morale
 - ◆ Green marketing
 - ◆ Reduced regulatory exposure



Program Design

Marketing Green Power Products

◆ Marketing – Need straight forward message (continued)

■ vehicles

- ◆ Bill stuffers
- ◆ Public presentations
- ◆ Radio ads
- ◆ \$1/block is the main driver



SOUTHERN MINNESOTA
MUNICIPAL POWER AGENCY
Bringing power to your life.

Eighth National Green Power Marketing Conference



Program Design

Marketing Green Power Products

- ◆ Marketing – Need utility commitment
 - Programs will only be successful when totally committed to the program and marketing
 - ◆ Product is **totally discretionary!!**
 - ◆ Continual marketing presence is critical to momentum
 - SMMPA now continues marketing initiatives/customer education regardless of the timing of new turbines coming on – Fills in with Green Tags
 - ◆ What's the utility's "OWN" commitment to wind power?
 - CEO/Manager, employees, utility facilities purchasing wind power?
 - SMMPA Corporate Environmental Challenge

Program Design

Marketing Green Power Products

◆ Corporate Environmental Challenge

- Shows utility commitment and challenges C&I customers
- Matching concept - participant company matches the subscription of employees
- Contest, prizes and big potential for public relations in showing environmental commitment
- Great platform for annual event
 - ◆ High efficiency programs, Energy Star – million monitor drive, other ...



SOUTHERN MINNESOTA
MUNICIPAL POWER AGENCY
Bringing power to your life.

Eighth National Green

2003 SMMPA Environmental Challenge

Wind is the fastest growing form of energy world-wide...

...News Flash...
With only hours to go SMMPA employee purchases reach an amazing...

8,000 kWh!!

It's no wonder with SMMPA member utilities offering some of the lowest wind power rates in the country. You can get this renewable energy credit for an additional charge of only 1 cent per kilowatt-hour!

SMMPA will then match any wind power purchases you make with a similar amount of wind power purchased for our office in Rochester.

Keep checking this graph weekly to see how we're doing >>

Put through NOON July 31st !!!

Wind Power kWh Purchased

6,000 kWh
5,000 kWh
4,500 kWh
4,000 kWh
3,500 kWh
3,000 kWh
2,500 kWh
2,000 kWh
1,500 kWh
1,000 kWh
500 kWh
0 kWh

How can I participate?

Check your office mail for a flyer explaining the program, or just ask Larry Johnson or Dan Hayes how to join. Then contact RPU or BPPU and tell them how much wind power you want to purchase.

Please email Nancy afterwards and let her know the amount you purchased. For each 100kW block, she will enter you in the \$50 Night On TV Fun drawing!

SMMPA WIND POWER

SMMPA is a member of the Minnesota Municipal Power Association.

Program Design

Marketing Green Power Products

◆ Marketing – Need focus on the customer – keep it simple

- Selecting the package that communicates best
 - ◆ Fixed dollar amount purchase
 - Keeps billing constant, but difficult for customer to evaluate what they're actually purchasing and the contribution to the environment
 - ◆ Percent of monthly use
 - Easy for the customer to get a handle on what their purchasing, i.e. ½ usage, etc. Difficult utility administration
 - ◆ 100 kWh block purchase – **SMMPA Choice**
 - Straight forward understandable – predominant method
 - One member now offering in any kWh amount
- Allow customers to change amount monthly
- Some sign-up via web



SOUTHERN MINNESOTA
MUNICIPAL POWER AGENCY
Bringing power to your life.

Eighth National Green Power Marketing Conference

